

Message Text

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13

ACTION OPIC-12

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 TRSE-00 XMB-07 CIEP-02 LAB-06

SIL-01 OMB-01 /084 W

----- 027830

R 230315Z AUG 73

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 9270

UNCLAS SINGAPORE 3310

E.O. 11652: NA

TAGS: OTRA, EAID

SUBJ: J.K. CULMAN TRAVEL/INDIAN MOTORCYCLE

REF: STATE 164204

FROM CULMAN

1. RE REFTEL IN DISCUSSIONS WITH NEWMAN ON ANY ADDITIONAL OPIC FINANCING, BELIEVE IT NECESSARY TO POINT OUT THAT BASIC REASON FOR INDIANS PREPAYMENT OF OPIC LOANS WAS THAT THE TERMS OF NEW SUBORDINATED CONVERTIBLE DEBENTURES FAILED TO MEET OPIC'S DEFINITION OF QUASI-EQUITY BECAUSE (A) HOLDERS COULD ACCELERATE WITHOUT OPIC CONSENT AND (B) REPAYMENT SCHEDULE HAD SHUT MATURITIES AND PERMITTED PRINCIPAL PAYMENTS WITHOUT REGARD TO EFFECT ON DEBT-EQUITY RATIO. NEWMAN WELL AWARE OF THESE PROBLEMS AND BELIEVED IT IN HIS BEST INTERESTS TO ACCEPT THESE TERMS AND PREPAY OPIC STRAIGHT DEBT. THESE TERMS SHOULD BE RENEGOTIATED TO BE ACCEPTABLE TO OPIC PRIOR TO ANY ADDITIONAL OPIC FINANCING. ALSO BELIEVE A COMPREHENSIVE REVIEW OF INDIAN OPERATIONS NECESSARY. IF NEWMAN NOT PREPARED TO RENEGOTIATE TERMS OF CONVERTS AND AWAIT OUTCOME REVIEW, RECOMMEND THAT OPIC SUGGEST TO NEWMAN HE APPROACH HOLDERS OF CONVERTS WHO HAVE SUBSTANTIALLY UNCLASSIFIED

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LARGER STAKE IN INDIAN THAN OPIC. WOULD NOT BE OVERLY

CONCERNED WITH NEWMAN TIME FRAME WHICH USUALLY REQUIRES FUNDS YESTERDAY.

2. INADVERTENTLY LEFT OPIC CABLE ADVISING HOTEL IN DARWIN IN MANILA EMBASSY. PLEASE FORWARD TO KUALA LUMPUR. RE \$4.5 MILLION OPIC FINANCING FOR SAWMILL SAME CABLE, EVEN IF COMMERCIAL BANKS SHORT CASH BELIEVE FUNDS WOULD STILL BE AVAILABLE FROM LONG-TERM INSTITUTIONAL MARKET. IN SIMILAR CREDIT CRUNCH WERE ABLE TO FINANCE FREEPORT AND KYUNG IN AT A PRICE. CRONK

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